



Request for City Council Committee Action From the Department of Public Works

Date: January 6, 2004
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Lease of City Land to Minnesota Transportation Museum, Inc.**

Recommendation: That proper City officials be authorized to execute a 20 year lease with the Minnesota Transportation Museum, Inc. (MTM) to use City land for operating a historic streetcar system.

Prepared by: Rebecca Law, Project Manager, 673-3252

Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works
Presenters: Steven Kotke, Director of Property and Equipment Services or Rebecca Law,
Project Manager

Financial Impact (Check those that apply)

- ☒ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The Minnesota Transportation Museum, Inc. (MTM) operates a historic streetcar system on a set of rails lying between Lake Harriet and Lake Calhoun. The MTM is a private non-profit corporation and has offered streetcar rides to the public for many years.

Part of the MTM streetcar rails lie on a strip of City-owned land that is not currently needed for other municipal purposes. The remainder of the rail system lies on Park Board land and that entity has already granted a 20 year lease to the MTM.

The MTM is applying for a federal grant to maintain and improve its existing streetcar system. However, a condition of the federal grant is that the MTM either own or have a long term lease for the land it uses. A 20 year lease between the City and the MTM would satisfy this federal funding requirement.

MTM has requested that the City's lease be rent-free in exchange for their obligation to continue operating the historic streetcar line for the benefit of the general public. The lease will preserve the City's rights to terminate the arrangement if the land is needed for other municipal purposes in the future.

Staff recommends that the proper City officials be authorized to execute a 20 year lease with MTM to use City-owned land for operating a historic streetcar system in the vicinity of Lake Harriet and Lake Calhoun. Unless the City Council directs otherwise, the MTM's duty to operate the streetcar system for the public good shall constitute adequate payment for the use of the land.